

## Message Text

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ACTION AGRE-00

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 EB-08 INR-07  
LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03 OMB-01  
/045 W

-----005010 030507Z /21

R 021138Z FEB 78  
FM AMEMBASSY BUCHAREST  
TO SECSTATE WASHDC 7735  
INFO AMEMBASSY BELGRADE

LIMITED OFFICIAL USE BUCHAREST 0719

BELGRADE FOR AGATTACHE FRECKMAN

E.O. 11652: N/A  
TAGS: EAGR, BDIS, RO  
SUBJ: COTTON CONTRACT PROBLEMS WITH ROMANOEXPORT  
REF: STATE 018930

1. EMBASSY ECON OFFICER MET WITH ROMANOEXPORT CHIEF OF COTTON DEPT STEFAN CAROL AND HIS ASSISTANT NICOLAE POPA ON JANUARY 27 REGARDING SUBJECT TRADE DISPUTE. ACCORDING TO CAROL, ROMANOEXPORT FEELS THAT PAYMENT OF CARRYING CHARGES THROUGH APRIL IS NOT FOCUS OF DISPUTE AS SPECIFIED REFTEL. CAROL SAID GOR/ROMANOEXPORT IS READY TO ACCEPT SHIPMENT OF ALL COTTON CONTRACTED IMMEDIATELY, HOWEVER PAYMENT CANNOT BE EFFECTED UNTIL FIRST BUSINESS DAY IN APRIL (APRIL 3). STIPULATION THAT GOR WOULD PAY "NO ADDITIONAL CHARGES" CONNECTED WITH APRIL PAYMENT AS NOTED PARA 1 REFTEL MEANT THAT NO INTEREST PAYMENTS WOULD BE MADE DUE TO DIFFERENCE IN DATE OF DELIVERY AND DATE OF PAYMENT.

2. BACKGROUND. CAROL DESCRIBED THE BACKGROUND OF THE CASE AS FOLLOWS:

A) CONTRACT FOR JAN/DEC DELIVERY OF COTTON AT BUYER'S  
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OPTION SIGNED IN SPRING 1977.

B) IN OCTOBER CAROL ASKED ALL FIRMS IF SHIPMENT COULD BE MADE BY END DECEMBER. ONLY TWO FIRMS (COOR INDUSTRIES, CALCOT LTD.) RESPONDED AT ALL AND BOTH SAID YES. LETTER OF CREDIT WAS OPENED AND SHIPMENT MADE.

C) ALSO IN OCT/NOV ROMANOEXPORT REPS WERE IN U.S. TO CHECK IF QUALITY CONTRACTED COTTON MET CONTRACT SPECS.

SIGNIFICANT PORTION WAS BELOW SPECIFIED QUALITY AND CHANGES HAD TO BE MADE.

D) DUE TO LACK OF RESPONSE FROM OTHER SHIPPERS AND QUALITY PROBLEM, ROMANEXPORT FELT U.S. SHIPPERS COULD NOT MEET DECEMBER SHIPMENT AND CONTRACTED FOR IMMEDIATE COTTON DELIVERIES FROM TURKEY. FIRST QUARTER FUNDS FOR 1978 WERE THUS USED TO PAY U.S. SHIPPERS AND TURKISH SHIPPERS WHO COULD MEET DECEMBER SHIPPING DATE.

E) AS FIRST QUARTER FUNDS HAVE BEEN USED, IN ACCORDANCE WITH GOR LAWS ON FINANCIAL PLANNING, PAYMENT FOR SUBSEQUENT COTTON SHIPMENTS CAN ONLY BE MADE BEGINNING SECOND QUARTER (I.E. APRIL 3).

F) IN ORDER TO AVOID ANY CARRYING CHARGES ROMANOEXPORT HAS PROPOSED TO FIVE U.S. SHIPPERS INVOLVED (WEIL BROS, STAPLE COTTON COOPERATIVE, H. MOLSEN, COTTON IMPORT/EXPORT CO., JESS SMITH) THAT SHIPMENT BE MADE IMMEDIATELY (JANUARY) AND PAYMENT WILL BE MADE APRIL 3 WITH NO INTEREST PENALTIES. ONE SHIPPER, JESS SMITH, HAS AGREED, OTHERS HAVE NOT.

3. CAROL EMPHASIZED THAT GOR WILL NOT RENEGE ON PURCHASE CONTRACT AND WISHES SPEEDY RESOLUTION. HE ALSO SAID TEAM OF ROMANOEXPORT REPS RETURNING TO BUCHAREST JANUARY 27 FROM DISCUSSIONS WITH U.S. SHIPPERS AND QUALITY CONTROL INSPECTIONS OF SUBJECT COTTON. CAROL PROMISED ADVISE EMBASSY OF RESULTS OF TRIP ON JANUARY 31.  
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4. PLEASE ADVISE IF ANY FURTHER ACTION DESIRED.  
AGGREY

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, EXPORTS, CONTRACTS  
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**Draft Date:** 02 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BUCHAR00719  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
Sheryl P. Walter  
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